

21ST CAREC MINISTERIAL CONFERENCE

24 NOVEMBER 2022

Revitalizing Regional Cooperation for a Green, Sustainable and Inclusive Recovery

Statement by Xiangchen Zhang, Deputy Director-General, WTO

Excellencies,

Ladies and gentlemen,

1. On behalf of Director-General Okonjo-Iweala, I sincerely thank the Asian Development Bank (ADB) for the invitation extended to the WTO to participate in the 21st CAREC Ministerial Conference. While the WTO has long enjoyed excellent collaboration with the ADB across the Asia-Pacific region, including in the context of Aid for Trade, we have had a special relationship in Central Asia, thanks to the CAREC Program.

2. Since the establishment of the WTO in 1995, CAREC countries have brought new members, fresh perspectives and dynamism to the multilateral trading system. Apart from Pakistan, which is an original member, seven CAREC countries joined the WTO under Article XII of the Marrakesh Agreement: Mongolia in 1997, followed by the Kyrgyz Republic (1998), Georgia (2000), China (2001), Tajikistan (2013), Kazakhstan (2015) and Afghanistan which was the most recent member to join the WTO family in 2016.

3. Three CAREC countries still remain in the accession process: Uzbekistan (since 1994), Azerbaijan (since 1997), and Turkmenistan,

which started its process in February this year and filled the last missing piece in the relationship between the CAREC region and the WTO.

4. This year, Kazakhstan was at the heart of a successful 12th Ministerial Conference (MC12) which delivered an unprecedented set of outcomes for the multilateral trading system in June. While the venue had to be shifted to Geneva due to the Covid-19 pandemic, Kazakhstan as co-host and Chair of MC12 played a key role in contributing to its success, which should not be taken for granted against the background of international tensions.

5. Global challenges we are facing today are complex and multifaceted. Economic recovery from the COVID-19 pandemic has been fragile. Energy and food prices are rising. Food insecurity is surging, aggravated by geopolitical tensions and climate change. The latter potentially represents irreversible threat to people, economies and industries, including in the CAREC region. The recent heart-breaking floods in Pakistan and the draught of the Aral Sea are a reminder of this existential threat. Within this global context, the focus of this CAREC Ministerial Conference – "cooperation for a green, sustainable and inclusive recovery" – is timely and relevant. In my intervention, I will focus on how the WTO can help advance the CAREC agenda, especially in four areas: (i) climate change; (ii) food security; (iii) health; and (iv) digitalization.

6. Trade has a central role to play in addressing **climate change** through the transition to a low-carbon economy and a more sustainable society. Launching the latest World Trade Report at COP27 in Sharm El-Sheikh, Director-General Ngozi Okonjo-Iweala said: we "cannot afford to leave trade and WTO behind" in achieving climate goals. The Report emphasizes that trade can be a critical part of the solution to the environmental crisis and help countries to better prepare and respond to climate shocks as a force multiplier for climate mitigation and adaptation efforts. This is

particularly relevant for eight¹ landlocked economies of the CAREC region who face significant trade-related constraints.

7. I should add that, in response to ongoing environmental degradation, trade and environment discussions have increasingly taken centre stage at the WTO. The Agreement on Fisheries Subsidies, concluded at MC12, is the first WTO deal which places environmental sustainability at its core. Since November 2020, groups of like-minded members launched three new initiatives focusing on plastics pollution, environmental sustainability, and fossil fuels subsidies reform. Going forward, I believe these discussions will be critical in helping countries to move towards a greener and circular economy.

8. Coupled with geopolitical uncertainties, climate change is also disrupting food supply chains and causing **food insecurity**. Yet again, trade has a crucial role to play. At MC12, WTO members strongly committed to facilitating trade and reaffirmed the importance of open markets in agri-food trade aimed at improving global food security. Furthermore, they agreed to the exemption of humanitarian food purchases by the World Food Programme from export prohibitions or restrictions.

9. In the era of technological revolution, it is essential to ensure that developing countries benefit from technologies to fight against climate change, food insecurity, and most importantly, **health** crises. The COVID-19 pandemic has revealed our weakest points as an international community. The trade and health package adopted at MC12 and the follow-up work at the TRIPS Council aim to make access to vaccines and medical supplies more predictable in the times of pandemic.

¹ Five Article XII Members: Afghanistan, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan; three acceding governments: Azerbaijan, Turkmenistan, Uzbekistan.

10. Lastly, trade has gone **digital**. This concerns both trade in goods and services. At MC12, WTO members agreed to maintain the moratorium on electronic transmissions as part of the work programme on electronic commerce. In parallel, a group of WTO members accounting for over 90% of global trade are negotiating new rules on trade-related aspects of electronic commerce.

Excellencies, ladies and gentlemen,

11. The WTO sees huge potential for increased collaboration with the CAREC Program in all of these areas. In particular, we are open to "systematic engagement" as the ADB develops a strategic approach to climate change and food security in the region, namely, the future CAREC Climate Change Strategy and the Cooperation Framework for Agricultural Development and Food Security.

12. In conclusion, let me stress the importance of **WTO accessions** which we see as "an umbrella area" for our collaboration. Out of the 11 CAREC countries, ten have gone or are in the process of accession, which is used as a tool to reform their trade regimes in line with the WTO legal and institutional frameworks aimed at opening up and achieving structural and economic transformation. The ADB has been instrumental in providing technical assistance and support to these CAREC countries during accession and post-accession. I am convinced that these accessions can provide a solid framework for more open, transparent and predictable trade and investment relations in the region. We look forward to continuing our collaboration to assist Azerbaijan, Uzbekistan and Turkmenistan in accelerating their accession efforts, for the benefits of the CAREC region and the multilateral trading system.

Thank you.